

Message Text

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SUBJECT: USSR: AGRICULTURAL PLAN FULFILLMENT 1974

DEPARTMENT PASS AGRICULTURE FOR PATTERSON AND WILLETT

REF: (A) FASTO CIRCULAR 500; (B) AGR SS5002

1. WHILE TOTAL NATIONAL INCOME AND THE INDUSTRIAL, TRANSPORTATION, AND FOREIGN TRADE SECTORS PUSHED AHEAD DOGGEDLY IN 1974, AGRICULTURE SHOWED SLIPPAGE. GROSS AGRICULTURAL OUTPUT DECLINED FROM THE PEAK 97.7 BILLION RUBLE LEVEL IN 1973 TO 94.0 BILLION IN 1974. THE FALL FACK FROM THE EXCEPTIONAL RESULTS IN 1973 WAS NOT UNEXPECTED AND CAN BE LINKED DIRECTLY TO THE BELOW PLAN PRODUCTION OF GRAIN, SUGARBEETS, SUNFLOWER-SEED, POTATOES AND VEGETABLES.

2. STRONG GROWTH IN THE LIVESTOCK SECTOR LED BY A 7.3 PERCENT GAIN FOR MEAT, SEVEN PERCENT FOR EGGS, 6.4 PERCENT FOR WOOL AND FOUR PERCENT FOR MILK COUNTERED THE SHARPER DECLINES IN THE CROP SECTOR, BUT NOT ENOUGH TO PUT AGRICULTURE ON THE UNCLASSIFIED

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PLUS SIDE OF THE LEDGER IN 1974.

3. THE FARM SECTOR LIMPED ALONG IN OTHER AREAS AS WELL. GROSS INCOME OF COLLECTIVE FARMS IN 1974 REPORTEDLY ONLY HELD THE 24 BILLION RUBLE LEVEL REACHED IN 1973. AND IN LINE WITH THIS STAGNATION ON THE INCOME SIDE, FARM LABOR PRODUCTIVITY OF STATE AND COLLECTIVE FARMS DROPPED 1.7 PERCENT BELOW 1973. THE DISAPPOINTING LOWER FARM INCOME AND NEGATIVE RATE OF PRODUCTIVITY IN 1974 ARE IN SHARP CONTRAST TO THE HIGHLIGHTED STRONG GAINS IN TOTAL AGRICULTURAL CAPITAL INVESTMENT -- UP TO 28.4 BILLION RUBLES -- A REPORTED NINE PERCENT INCREASE OVER 1973.

4. WHAT IS SUGGESTED BY THIS DATA IS THAT LITTLE OUT MIGRATION OF LABOR DEVELOPED AND THAT THE REPORTED HIGH RATE OF CAPITAL INVESTMENT HAS NEITHER REPLACED LABOR NOR INCREASED EFFICIENCY, AND CONTINUED HIGH INVESTMENT WITHOUT MORE POSITIVE RESULTS COULD POSE QUESTIONABLE ARGUMENTS ABOUT RESOURCE ALLOCATION AND FIXED PRICES FOR AGRICULTURE AND FOOD PRODUCTS.

5. THE PRODUCTION OF MAJOR CROPS IN 1974 COMPARED TO 1973 FOLLOWS:

	1973	1973
MILLION METRIC TONS		
GRAIN	222.50	195.50
COTTON	7.70	8.41
SUGARBEETS	87.00	76.40
SUNFLOWERSEED	7.38	7.76
POTATOES	108.20	80.70
VEGETABLES	25.90	23.10

6. MORE SPECIFICALLY, WHEAT PRODUCTION AMOUNTED TO 83.8 MILLION TONS, CORN 12.1 MILLION, AND RICE REACHED A NEW RECORD, 1.9 MILLION TONS. THE QUANTUM LEAP IN COTTON PRODUCTION TO 8.4 MILLION TONS IS THE SINGLE HIGH SPOT NOTED FOR THE CROP SECTOR. LOWER THAN PLANNED OUTPUT OF GRAIN, SUGARBEETS, SUNFLOWERSEED, POTATOES AND VEGETABLES WAS PREVIOUSLY PREDICTED AND FOLLOWS ADVERSE WEATHER PATTERNS OBSERVED DURING THE 1974 GROWING SEASON.

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7. LEVESTOCK NUMBERS IN CONTRAST SHOW GAINS FOR ALL CATEGORIES. THE REPORTED JANUARY 1, 1975 NUMBERS FOLLOW:

	JANUARY 1, 1974	JANUARY 1, 1975	PERCENT CHANGE
MILLION OF HEAD			
CATTLE	106.3	109.1	103
COWS	41.5	41.9	101
HOGS	70.0	72.2	103

SHEEP AND GOATS 148.5 151.1 102

THE ANNOUNCED RESULTS ARE SOMEWHAT SURPRISING SINCE OFFICIAL MONTHLY DATA FOR COLLECTIVE AND STATE FARMS SUBMITTED TO THE US UNDER THE EXCHANGE OF INFORMATION AGREEMENT INDICATED A DOWN TREND IN NUMBERS OF CATTLE AND HOGS DURING THE 11 MONTH PERIOD FEBRUARY-DECEMBER. WE HAVE NOTED HOWEVER THAT SOME STATISTICAL ADJUSTMENTS HAVE BEEN MADE AND FURTHER BELIEVE THAT THE DEFINITION OF THE MONTHLY CENSUS NEEDS REFINEMENT TO INCLUDE PRIVATE AND OTHER GOVERNMENT HELD LIVESTOCK. WHAT CAN BE SAID ABOUT LIVESTOCK NUMBERS IS THAT THE GROWTH WAS AGAIN STRONGEST FOR THE STATE AND COLLECTIVE SECTORS RATHER THAN THE PRIVATE SECTOR.

8. LIVESTOCK PRODUCTS MATCHED THE MONTHLY PERFORMANCE RECORDS NOTED DURING THE YEAR. MEAT PRODUCTS REACHED 14.5 MILLION TONS (SLAUGHTER WEIGHT), MILK 91.8 MILLION, EGGS 55 BILLION UNITS, AND WOOL 461,000 TONS. WE WERE LESS OPTIMISTIC ABOUT WOOL BECAUSE OF DRY SUMMER IN THE AREAS OF HEAVY SHIP CONCENTRATION.

9. GOVERNMENT PROCUREMENT OF GRAIN AT 73 MILLION TONS WAS SUBSTANTIALLY OFF OF THE 1974 PLAN. BUT MEAT AND POULTRY AT 16.2 MILLION TONS LIVE WEIGHT -- 10.6 MILLION TONS SLAUGHTER WEIGHT -- MILK AT 55 MILLION TONS AND EGGS AT 30.9 BILLION UNITS WERE ABOVE PLAN.

10. ON THE CONSUMER SIDE MONTHLY WAGES IN 1974 MOVED UPWARD TO 140.7 RUBLES COMPARED TO 134.9 RUBLES IN 1973 -- A 4.3 PERCENT INCREASE. COLLECTIVE FARM WAGES ALSO INCREASED FIVE PERCENT BUT PROBABLY DID NOT REACH ORIGINAL PLANNED LEVELS.

11. RETAIL TRADE IN GOVERNMENT AND COOPERATIVE STORES MOVED UNCLASSIFIED

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TO THE 195 BILLION LEVEL -- 10.9 PERCENT HIGHER THAN 1973 IN COMPARABLE PRICES. SIGNIFICANT INCREASES IN RETAIL SALES WERE NOTED FOR MEAT, SEVEN PERCENT, CHEESE SEVEN PERCENT, EGGS 11 PERCENT, AND ANIMAL FATS FIVE PERCENT. LESSER GAINS OF TWO PERCENT FOR POTATOES, VEGETABLES, AND MARGARINE WERE NOTED, AND SIGNIFICANTLY NO GAINS WERE REPORTED FOR SUGAR.

12. THE TROUBLE SPOTS FOR AGRICULTURE IN 1974 APPEARED IN THE CROP SECTOR AND THE OBSERVED DOWNTURNS BODE SOME ECONOMIC CRITICISM, PARTICULARLY IF THE LONG DENIED CONSUMER REACTS TO A DROP IN SUPPLIES.

13. WE CAN SEE POSSIBLE POTATO AND VEGETABLE SCARCITIES DEVELOPING -- ESPECIALLY SINCE MOST OF THE PRODUCTION IS PRODUCED BY COLLECTIVE FARMERS ON PRIVATE PLOTS. FREE MARKET

PRICES ARE EXPECTED TO RISE. THERE IS SOME POSSIBILITY OF
ACCELERATED HOG SLAUGHTERING TOO IN VIEW OF A TIGHT BUT NOT
CRITICAL FEED SUPPLY. BUT OVERALL THE AGRICULTURAL SECTOR
KEEPS NUDGING TO A HIGHER PLANE OF OUTPUT. TO DO OTHERWISE
WOULD CONTRAVENE THE OBJECTIVES OF THE STATE, BUT THE COST
IS HIGH AND THE TEST OF PRIORITIES IS A POLITICAL GAME THAT
BEARS CLOSE ATTENTION.
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